

**STATE OF WASHINGTON**
**OFFICE OF  
INSURANCE COMMISSIONER**
**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF WASHINGTON**

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In the Matter of	)	No. D 2000-08
NATIONAL ALLIANCE INSURANCE COMPANY	)	Consent Order Imposing a Fine
	)	
An Authorized Insurer	)	

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**FINDINGS OF FACT:**

1. National Alliance Insurance Company (hereinafter "National Alliance") is authorized to transact insurance business in Washington state, including vehicle insurance.
2. As of January 7, 1999, National Alliance had issued an automobile insurance policy to one Tom Laxson. On that date, Mr. Laxson's vehicle struck a pedestrian, Larry Daugherty, in a crosswalk, causing severe injuries. National Alliance was notified of the accident on the day it happened.
3. Mr. Laxson's automobile policy had a Personal Injury Protection ("PIP") provision that extended coverage to Mr. Daugherty, up to stated policy limits. Within approximately one week after being notified of the accident, National Alliance had accepted liability for the loss under the PIP coverage. Mr. Daugherty obtained legal counsel to represent him in his bodily injury claim against National Alliance's insured, Tom Laxson. Mr. Daugherty's counsel sent notice of representation to National Alliance on February 17, 1999, which National Alliance acknowledged. Mr. Daugherty's PIP claim was handled in National Alliance's home office in St. Louis, Missouri.

4. Mr. Daugherty was treated at North Auburn Rehabilitation and Health Center. National Alliance requested the medical records from that facility on January 18, 1999. It received those records on January 20, 1999. On January 21, 1999, National Alliance advised North Auburn Rehabilitation that it would be honoring the medical bills. On February 10, 1999, a representative of National Alliance spoke to Mr. Daugherty. The insurer then forwarded medical and wage authorizations for Mr. Daugherty to complete. On March 18, 1999, National Alliance sent counsel a PIP application for Mr. Daugherty, which was completed and returned on March 25, 1999.

5. Mr. Daugherty's counsel sent letters to National Alliance on April 16 and May 17, 1999, requesting immediate payment of the bills. On May 21, June 1, June 15, and July 7, 1999, Mr. Daugherty's counsel sent letters to Ward North America, which was acting on behalf of National Alliance, handling Mr. Daugherty's bodily injury claim against National Alliance's insured, Tom

Laxon. These letters were neither forwarded nor received by National Alliance at its home office in St. Louis, Missouri.

6. In April of 1999, the claims adjuster handling Mr. Daugherty's PIP claim took another position in National Alliance, and National Alliance failed to reassign Mr. Daugherty's PIP claim file to a new claims adjuster. As a result, no action was taken on correspondence from Mr. Daugherty's counsel, and no payments were issued on any bills submitted on Mr. Daugherty's PIP claim..

7. National Alliance became aware of its failure to reassign Mr. Daugherty's PIP claim file to a new claims adjuster when the Washington Office of Insurance Commissioner sent a letter to National Alliance on or about August 18, 1999. National Alliance contacted Mr. Daugherty's counsel immediately and gave assurances that that National Alliance would reassign Mr. Daugherty's claim file immediately and move to pay outstanding bills. National Alliance has paid all of Mr. Daugherty's PIP claim bills and expenses up to policy limits and has paid additional expenses for Mr. Daugherty's counsel in excess of policy limits.

8. There is no evidence that National Alliance acted willfully in its failure to pay Mr. Daugherty's PIP claims or to provide an explanation for any denial or compromise of any of Mr. Daugherty's PIP claims.

#### CONCLUSIONS OF LAW:

1. WAC 284-30-330(2), prohibits "Failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies." The conduct of National Alliance violated this regulation.

2. WAC 284-30-330(3), prohibits "Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies." National Alliance does have such standards, but it failed to follow them in the matter described above.

3. Title 48 RCW is the Insurance Code of the State of Washington. RCW 48.05.140(1), authorizes the Commissioner to suspend or revoke an insurer's certificate of authority if the insurer "...fails to comply with any provision of this code other than those for which refusal, suspension, or revocation is mandatory, or (which) fails to comply with any proper order or regulation of the Commissioner."

4. RCW 48.05.185 provides that the Insurance Commissioner may, in addition to or in lieu of the suspension, revocation or refusal to renew any certificate of authority of any insurer, levy a fine of not less than \$250 nor more than \$10,000.

1. National Alliance Insurance Company stipulates to the foregoing Findings of Fact and

Conclusions of Law. It also stipulates to a fine for all the offenses listed, in the amount of

\$5,000, in lieu of proceedings against its certificate of authority in Washington state. In accordance with RCW 48.05.185, this fine is to be paid in full within thirty days of the entry of this order in Olympia, Washington.

2. National Alliance Insurance Company acknowledges that it is subject to the laws and insurance regulations of Washington state, including but not limited to the regulations in chapter 284-30 WAC, "Trade Practices".

EXECUTED this \_\_\_\_\_ day of September, 1999.

\_\_\_\_\_

Typed Name \_\_\_\_\_

Typed Title \_\_\_\_\_

National Alliance Insurance Co.

ORDER:

Pursuant to RCW 48.05.140 and RCW 48.05.185, the Insurance Commissioner imposes a fine of \$5,000 upon National Alliance Insurance Company, in lieu of proceedings against its certificate of authority in this matter. The fine is to be paid in full within thirty days of the entry of this order in Olympia, Washington, otherwise the certificate of authority held by National Alliance Insurance Company shall be revoked, and the fine shall be recovered in a civil action brought on behalf of the Insurance Commissioner by the Attorney General.

ENTERED AT OLYMPIA, WASHINGTON, on this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_

DEBORAH SENN

Insurance Commissioner

By \_\_\_\_\_

William Kay Kirby

Assistant Deputy Insurance

Commissioner

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